TRIGINAL



RECEIVED

19E

FENNEMORE CRAIG, P.C.
A Professional Corporation
Jay L. Shapiro (No. 014650)
Patrick J. Black (No. 017141)
3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012

Telephone (602) 916-5000

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

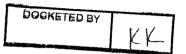
24

· 2007 MAY 30 ₱ 4: 35

AZ CORP COMMISSION DOCKET CONTROL

Arizona Corporation Commission DOCKETED

MAY 3 0 2007



Attorneys for Northern Sunrise Water Company and Southern Sunrise Water Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF NORTHERN SUNRISE WATER COMPANY FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER UTILITY SERVICE IN COCHISE COUNTY, ARIZONA. DOCKET NO. W-20453A-06-0247

IN THE MATTER OF THE APPLICATION OF SOUTHERN SUNRISE WATER COMPANY FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER UTILITY SERVICE IN COCHISE COUNTY, ARIZONA. DOCKET NO. W-20454A-06-0248

IN THE MATTER OF THE JOINT APPLICATION OF NORTHERN SUNRISE WATER COMPANY AND SOUTHERN SUNRISE WATER COMPANY FOR THE APPROVAL OF SALE AND TRANSFER OF WATER UTILITY ASSETS, AND CANCELLATION OF CERTIFICATES OF CONVENIENCE AND NECESSITY, FOR MIRACLE VALLEY WATER COMPANY, COCHISE WATER COMPANY, HORSESHOE RANCH WATER COMPANY, CRYSTAL WATER COMPANY, MUSTANG WATER COMPANY, CORONADO ESTATES WATER COMPANY, AND SIERRA SUNSET WATER COMPANY, LOCATED IN COCHISE COUNTY, ARIZONA.

DOCKET NOS. W-20453A-06-0251 W-20454A-06-0251 W-01646A-06-0251 W-01868A-06-0251 W-02235A-06-0251 W-02316A-06-0251 W-02230A-06-0251 W-01629A-06-0251 W-02240A-06-0251

MOTION TO EXTEND TIME TO COMPLY WITH DECISION NO. 68826

Northern Sunrise Water Company and Southern Sunrise Water Company ("Applicants") hereby submit this Motion to Extend Time to Comply with Decision No. 68826 (June 29, 2006) in the above-captioned matter.

26

25

FENNEMORE CRAIG, P.C.

PHOENIX

DISCUSSION

Decision No. 68826 requires Applicants to complete certain improvements to water systems purchased through bankruptcy proceedings for Miracle Valley Water Company, Cochise Water Company, Horseshoe Ranch Water Company, Mustang Water Company, Coronado Estates Water Company and Sierra Sunset Water Company ("McLain Systems") by August 25, 2007. Decision No. 68826 at Ordering Paragraph ¶ 21. A complete list of the McLain System improvements is attached hereto as **Exhibit 1**. In addition, the Commission simultaneously amended Decision No. 68667 (April 20, 2006) to allow Applicants to file a general rate application using a calendar test year ending December 31, 2007. *Id.* at Ordering Paragraph ¶ 10.

However, in the Decision, the Commission also concluded that "If there is good cause, Northern Sunrise Water Company, Inc. and Southern Sunrise Water Company, Inc. may file a request for extension of time to complete the referenced improvements. Any such requests for extension of time shall detail the good cause and be submitted no later than June 30, 2007." *Id.* at Ordering Paragraph ¶21. For good cause, Applicants respectfully request that the Commission grant this motion to extend the deadline for completing the system improvements. In addition, Applicants request that they be allowed to use a Test Year ending June 30, 2008 in the rate case required under Decision No. 68826. Both requests are made as a result of delay in the McLain bankruptcy proceedings.

I. The Deadline to Complete System Improvements Should Be Extended to February 19, 2008.

As stated, Applicants are currently required to finalize the improvements listed in **Exhibit 1** by August 25, 2007. This deadline was based on the optimistic expectation that the McLain Systems bankruptcy proceedings would close within sixty (60) days of the Commission's final decision. Applicants voluntarily agreed to complete the system improvements within twelve (12) months of closing of the sale. *Id.* at ¶ 51. Unfortunately, this did not occur. The Bankruptcy

Court allowed additional time to newly identified debtor lien holders who were not properly notified to respond, and added a few additional assets that were used in the McLain Systems that were not originally part of the bankruptcy proceedings. As a result, the sale did not close until February 19, 2007. Copies of the closing documents are attached as **Exhibit 2**. Because Applicants could not commence the large capital projects until the transaction was finalized, there is good cause to extend the deadline to complete the remainder of improvements listed in **Exhibit 1**. Extending the deadline until February 19, 2008 is consistent with the original intent in Decision No. 68826 to have the improvements completed within 12 months of the closing of the sale of assets, as well as Ordering Paragraph ¶ 21, which anticipates this very application.

Applicants wish to emphasize that during the approximate six (6) month delay, company personnel performed many repair and maintenance tasks in preparation of improving the McLain Systems once the physical assets were acquired. Attached hereto as **Exhibit 3** is the affidavit of Matthew Garlick, Regional Operations Manager of the Infrastructure Division of Algonquin Water Resources, LLC, which contains a summary list of the pre-acquisition system maintenance activity. In addition, Mr. Garlick provides a detailed explanation of Applicants' efforts to improve the McLain Systems since the closing. Applicants believe that despite the delay caused by the Bankruptcy Court proceedings, they have in good faith pursued system repair and maintenance to the extent possible to ensure safe and reliable water service to their customers. See Garlick Affidavit at ¶ 6-7.

II. Applicants Should Be Allowed to File General Rate Applications by December 31, 2008, Employing a Test Year Ending June 30, 2008.

Decision No. 68826 modified an earlier order of the Commission directed at the thenexisting water utilities, i.e., the McLain Systems and the Commission's prior contract operator— ASUA. The modification allowed Applicants to employ a 2007 Test Year as part of rate applications to be filed in 2008. A 2007 Test Year reflected Staff's recognition that, due to the extensive repairs and necessary construction, a 2007 Test Year would better reflect the ongoing

level of investment and expenses than a 2006 Test Year, and result in rates that more accurately reflect costs incurred by Applicants to improve the system. Decision No. 68826 at ¶ 83.

Applicants still intend to file rate applications by December 31, 2008. However, Applicants wish to move forward in completing the system improvements with the tacit understanding that the delay caused by the bankruptcy proceedings will not unduly prejudice them in their respective rate applications. Because of the six month delay in transferring the assets, the test year should be extended by approximately the same timeframe – to June 30, 2008 – to accurately reflect the level of investment and expenses, as outlined by Staff in supporting the calendar 2007 Test Year. Applicants seek approval to use a test year ending June 30, 2008 in the filing of rate applications on or before December 31, 2008.

CONCLUSION

Despite approximately six months of delay caused by the bankruptcy proceedings to close the sale, Applicants continued to repair, operate and maintain the McLain Systems so that customers would receive safe and reliable water. Once the sale transaction closed on February 19, 2007, Applicants began addressing the more complex system improvements identified in **Exhibit 1**. However, more time is required. Based on the circumstances of the delay, Applicants assert that there is good cause to grant this motion. Finally, in order to make matters consistent with the intent of the Decision No. 68826, Applicants should be allowed to utilize a Test Year ending June 30, 2008, in order to capture as much capital investment in new infrastructure and known and measurable operating expenses as possible.

...

...

•••

∜ ∦ ..

RESPECTFULLY SUBMITTED THIS 30 day of May, 2007.

FENNEMORE CRAIG, P.C.

By:_

Jax L. Shapiro Patrick J. Black

Suite 2600

3003 North Central Avenue Phoenix, Arizona 85012

Attorneys for Northern Sunrise Water Company and Southern Sunrise Water Company

8

10

11

1

2

3

4

5

6

7

ORIGINAL and 33 copies filed this 30th day of May, 2007 to:

Docket Control

Arizona Corporation Commission

1200 West Washington Street

Phoenix, Arizona 85007

14

15

13

Copy sent via e-mail and U.S. mail this 30th day of May, 2007 to:

16

Jane L. Rodda, ALJ

17 | Hearing Division

Arizona Corporation Commission

18 400 W. Congress St.

Tucson, AZ 85701

1920

Copy hand delivered

this 30th day of May, 2007 to:

21

23

Christopher Kempley, Chief Legal Counsel.

22 Legal Division

Arizona Corporation Commission

1200 W. Washington St.

24 Phoenix, AZ 85007

25

26

4

 $\label{eq:fennemore craig} \textbf{Fennemore Craig, P.C.}$

PHOENIX

Linda Jaress, Executive Consultant Utilities Division Arizona Corporation Commission 1200 W. Washington St. Phoenix, AZ 85007

Maria Sanjose

1917094.1/20898.001

20
FENNEMORE CRAIG, P.C.

Exhibit 1

		Contract		Benefit
Cochise Water - Part of Southern Sunrise		Start	Duration	
Proposed Capital Improvements				Customer
Project Description				
	Coet			
Naranja Well Site of the Control of				
	\$10,000	\$10,000 ASAP after Closing	6-12 Months	Immediate
Add meters to wells	\$12,000	\$12,000 ASAP after Closing	6-12 Months	mmediate
Construct a militarial var. ingil varant min varior min salar sala	\$800	\$800 ASAP after Closing	6-12 Months	Immediate
CONSTITUTE LINES CITED IN IN BOILS	\$500	\$500 ASAP after Closing	6-12 Months	Immediate
Kepair 5 np podsker purip	\$10,000	\$10,000 ASAP after Closing	6-12 Months	Immediate
Kepulio Elecuted Colling and whiling against Took	\$1,000	\$1,000 ASAP after Closing	6-12 Months	Immediate
Keplace Air Compressor and country out it issued thank	\$1,000	\$1,000 ASAP after Closing	6-12 Months	Immediate
Replace Counties of booster and francier of many	\$500	\$500 ASAP after Closing	6-12 Months	Immediate
Keplace check valves on booster and hensier points	\$1,000	\$1,000 ASAP after Closing	6-12 Months	Immediate
HUNG CONCRETE DAOS TO MOUNT DOUGNET AND MAINING PAINTS	\$5,000	\$5,000 ASAP after Closing	6-12 Months	Immediate
Install Well pump right level structured to the level of the structured to should aff	\$5,000	\$5,000 ASAP after Closing	6-12 Months	Immediate
Install low level sellso, in sociage can in the boaster of the print o	\$10,000	\$10,000 ASAP after Closing	6-12 Months	Immediate
	\$500	\$500 ASAP after Closing	6-12 Months	mmediate
Add sampling taps to wells	\$1,000	\$1,000 ASAP after Closing	6-12 Months	Immediate
Committee of characters and track and grade well site	\$5,000	\$5,000 ASAP after Closing	6-12 Months	Immediate
Telifore old stology talk and account of the	\$63,300			
Jaxeil Road site				
	\$3,500	\$3,500 ASAP after Closing	6-12 Months	mmedlate
Add additional booster bump	\$3,500	\$3,500 ASAP after Closing	6-12 Months	mmediate
Survey property to establish property boundaries of well site	\$1,000	\$1,000 ASAP atter Closing	SUMORUS P-0	IIII Heriare
Total	\$8,000			

'			Dratant		Benefit
	Horseshoe Ranch Water - Part of Southern Sunrise		יין טופינו סומילי	Duration	10
	Dronosad Canital Improvements				Customer
			3.		
			. *		
		•			
7	Project Description				
		000	ta noo As & offer Closing	6-12 Months	Immediate
	Dodano a horb motor measuring transfer flow from Cochise	200,00		o 10 Months	Immediate
	Replace 3 Horn History Incoming the Land to the horner with harhard wire 200 L.F.	\$3,000	\$3,000 ASAP after Closing	61 B1 IOIAI 71-0	
	Replace fence with a minimum of it, high chall min lende with care and the	5800	S800 ASAP after Closing	6-12 Months	Immediate
	Construct 12 ft wide chain link gate	CCC SE	er non Asab after Closing	6-12 Months	Immediate
_	Replace 2 - 7.5 hp booster pumps	0000	As pool As All affor Chaind	8-12 Months	Immediate
	Dorbital Control and witho system	oon'n e	שייים יויים	G +2 Months	mmediate
		\$13,000	13,000/ASAP after Closing	0-12 MOHINS	
	Replace 3,000 gallon pressure tank	\$40 DUD	CAN DOO! ASAP after Closing	6-12 Months	Immediate
	Design and construct interconnection with Bella Vista south system	000 76	es ocolocy and affecting	6-12 Months	Immediate
	Denoir doors on storage building	000'19	5 10 10 10 10 10 10 10 10 10 10 10 10 10	6 42 Months	Immediate
	Napai cools of the first fact of the first fact of the first of the first fact of th	\$6,000	\$6,000 ASAP after Closing	O-12 MOINE	
	Add air relief valve to tranmission line from Cocause and grade and cocae	\$1,000	\$1 000 ASAP after Closing	6-12 Months	Immediate
	Sucrey property to establish property boundaries of storage & well sites	20017			
	Total	\$52,800			

490000	to		Immediate	Immediate Immediate	Immediate	Immediate	Immediate Immediate	\[\]	
	Duration		6-12 Months	6-12 Months 6-12 Months	6-12 Months 6-12 Months	6-12 Months 6-12 Months	6-12 Manths 6-12 Months		
	Project Start		sa son ASAP after Closing	\$6,000 ASAP after Closing \$800 ASAP after Closing	\$5,000 ASAP after Closing \$10,000 ASAP after Closing	150,000 ASAP after Closing \$20,000 ASAP after Closing	\$500 ASAP after Closing		
			Cost F3 500	\$6,000	\$5,000	\$150,000	\$500	\$197,800	
	Miracle Valley Water - Part of Southern Sumise	Proposed Capital III provenients	Project Description	Add meter to well Construct a minimum 6 ft. high chain link fence with barbed wire 400 L.F.	Construct 12 it wide chain link gare Add two 7.5 hp booster pumps Add two 7.5 hp booste	Rebuild Electrical Control and willing system. Add storage tank Minimum 150,000 gallons	Replace 5,000 gallon pressure fank Add sampling tap to well	Survey property to establish property boundaries of two wen sues	

		Drofort		Benefit
Mustang Water - Part of Northern Sunrise Water Company		Start	Duration	ę
Proposed Capital Improvements				Customen
Project Description				
Company Well Site of the Second Secon	1803			
	\$3,500	\$3,500 ASAP after Closing	6-12 Months	Immediate
Add meter to well	SR OUC	SE OUGLASAP after Closing	6-12 Months	Immediate
Construct a minimum 6 ft. high chain link tence with partied wire 400 L.r.			6 10 Manthe	Immediate
Community to their link nata	78A	SECULASAR ALIER CLOSING	0-12 MONING	
COUNTY IN THE WAY OF THE BEAUTY OF THE BEAUT	\$25.00	\$25,000 ASAP after Closing	6-12 Months	Immediate
Replace existing well with new well	10 E T	ET EDO ACAD after Closing	6.12 Months	Immediate
Replace well numo & ciping	00°59	מוופסים שומו כוסים	21-0	otoilog men
	\$10,00	\$10,000 ASAP after Closing	6-12 Months	TITILI ECITATE
New Electrical Council atto willing System	\$20.00	430 000 ASAP after Closing	6-12 Months	mmediate
New 5,000 Gallon Pressure Tank	0000	5 A C A C A C A C A C A C A C A C A C A	g 12 Months	madiate
Name of the state fook (At loger this size)	00,084	Sectional Adam sites Closing	21 MOINS	,
INGW DU, DOU GAILOT STORY TO THE COLOR AND WALL STORY	\$2.00	\$2.000 ASAP after Closing	6-12 Months	Immediate
Survey property to establish property boulderies of at least the test	#4 F 4 OO			
lotal	nnn'tote			
Note: As an alternative, determine if existing well can be rehabilitated				
Is and real many well mines instead of drilling new Well				
_ 1				N

Control Bart of Northwest Company		Project	1.	Benefit
Crystal Water - Fart of Political Louis is a vest of Congress		Start	Duration	2
Proposed Capital Improventents				Customer
Project Description	Cost			
	\$3 500	\$3 500 ASAP after Closing	6-12 Months	Immediate
Add meter to well	\$6,000	\$6,000 ASAP after Closing	6-12 Months	Immediate
Construct a minimum on, light chair link terice with banded the feet of	\$800	\$800 ASAP after Closing	6-12 Months	Immediate
Construct 12 it wide chain link gate	\$25.000	\$25,000 ASAP after Closing	6-12 Months	Immediate
Replace existing well with new well	\$7.500	\$7.500 ASAP after Closing	6-12 Months	Immediate
Replace well pump & piping	\$10,000	\$10,000 ASAP after Closing	6-12 Months	Immediate
New Electrical Control and Wiring system	\$20,000	\$20,000 ASAP after Closing	6-12 Manths	Immediate
New 5,000 Gallon Pressure Lank	280,000	\$80,000 ASAP after Closing	.6-12 Months	Immediate
New 60,000 gailon storage tank (At leds) with 5126)	\$1,000	\$1,000 ASAP after Closing	6-12 Months	Immediate
Survey property to establish phoperty countries of well she	\$153,800			
Note: As an alternative, determine if existing well can be rehabilitated				
It so rebot well and replace well mimp instead of drilling new Well				

Cost ain link fence with barbed wire 400 L.F.		•
Cost link fence with barbed wire 400 L.F. stern.		Customer
Cost I link fence with barbed wire 400 L.F. stem		
Cost I link fence with barbed wire 400 L.F.		
n link fence with barbed wire 400 L.F.		
n link fence with barbed wire 400 L.F.		
n link fence with barbed wire 400 L.F.	AP after Closing 6-12 Months	Immediate
n link fence with barbed wire 400 L.F. stem		Immediate
sterior and the state of the st	AP after Closing 6-12 Months	Immediate
system		Immediate
system	AP after Closing 6-12 Months	Immediate
		Immediate
INEW SUCCESSION TRANSPORT TO SELECT THE STATE OF THE STATE OF THE CLOSING		Immediate
	AP after Closing 6-12 Months	Immediate
3.5		

				Ranefit
Sierra Sunset Water - Part of Northern Sunrise Water Company		Project Start	Duration	ţ
Proposed Capital Improvements				Customer
Main Well Site				
	Cost			
Project Description				
Construct a minimum 6 ft. high chain link fence with barbed wire 400 L.F.	\$6,000	\$6,000 ASAP after Closing	6-12 Months 6-12 Months	Immediate
Construct 12 ft wide chain link gate	\$1,000	\$1,000 ASAP after Closing	6-12 Months	Immediale
Survey property to establish property boundaries of well sue	\$15,000	\$15,000 ASAP after Closing	6-12 Months	Immediate
Install customer meters to be customers	\$22,800			

Exhibit 2

2	110 S. Church Avenue, Suite 4298	,
-3	Tucson, Arizona 85701 Telephone: (520) 623-5686	
4	Facsimile: (\$20) 623-5255 E-Mail: mmnealpc@qwest.net	
	State Bar No. 04331	
5	and	
6		
7	Britt Hanson, Esq. Office of the County Attorney P.O. Box CA	
8	Bisbee, AZ 85603	
9	Telephone: (520) 432-8700 Facsimile: (520) 432-8778	
	E-mail: <u>bhanson@co.cochise.az.us</u> State Bar No.: 012739	
10	State Bar No.: 012739	
11	Co-Counsel for Cochise County	
12	IN THE UNITED ST	ATES BANKRUPTCY COURT
13	FOR THE DI	STRICT OF ARIZONA
14	In re:	Chapter 11 Proceeding
15	JOHNNY A. MCLAIN and	Case No. 4-03-bk-04125-EWH
16	LINDA M. MCLAIN, husband and wife,	REPORT ON SALE OF WATER COMPANIES
17		\
18	Debtors.	
19		\
20		
21		
22	Cochise County reports to the C	ourt that on or about February 21, 2007, the Court
23	authorized and approved sale of water co	mpanies closed. Attached hereto is a true copy of the
24	Settlement Statement for the sale. The sale	es proceeds are being held by the escrow agent, Pioneer
25	Title Agency, subject to further Order of	this Court. A sale of the Wireless System is expected
26	to Close in the near future. Upon that	sale closing substantive assets of the estate will be

C:\MyDoc\Cochise-McLain\Report on Water Companies Sale.wpd

1	liquidated and the monies available for distribution under the confirmed Plan will be known.	At
2	that time a distribution application will be filed.	
3	RESPECTFULLY SUBMITTED this 28th day of February, 2007.	
4	LAW OFFICE OF MICHAEL M. NEAL, P.C.	
5		
6 7	By: <u>/s/ Michael M. Neal</u> Michael M. Neal Co-Counsel for Cochise County	
8	Copy of the foregoing mailed this day of February, 2007, to:	
9 10	Office of the United States Trustee 230 N. First Ave., Ste. 204	
11	Phoenix, AZ 85003-1706	
12	Rob Charles, Esq. Lewis and Roca, L.L.P. 1 S. Church Ave., #700	
13 14	Tucson, AZ 85701-1611 Attorney for Buyer	
15	Michael W. Baldwin, Esq. Law Offices of Michael W. Baldwin P.O. Box 35487	
16 17	Tucson, AZ 85740-5487 Attorney for Debtors	
18	Denise Faulk, Esq. Arizona Attorney General's Office	
19	1275 West Washington Phoenix, AZ 85007	
20	Attorney for Arizona Dept. of Revenue	
21	Christopher C. Kempley Legal Division	
22	Arizona Corporation Commission 1200 West Washington Phoenix, AZ 85007	
23	Britt Hanson, Esq.	
24	Deputy County Attorney Office of the County Attorney	
25	P.O. Box CA Bisbee, AZ 85603	
26	Attorney for Cochise County	
27		

A. U.S. DEPAKIMENT OF HOUSING A	ND URBAN DEVELOPMENT		B. TYPE OF LOAN	OMB N 12-0265
	NT STATEMENT		1, T FHA 2, FMHA 3, C	CO NS
Pioneer Title Agency, Inc.	•	<u> </u>	4. VA 6, CONV. INS.	
P.O. Box 1900				NUMBER:
580 E. Wilcox Dr. Sierra Vista, AZ 85636-1900			20515132-001: FMM ORTGAGE INSURANCE CASE NUMBER:	
FINAL				
NOTE: This form is furnished to give	you a statement of actual and	ement costs. Amou	its peid to and by the self-ement scant are shown, onel purposes and are not included in the totals.	
D. NAME OF BORROWER:				JEANN INC
p. IV SONNOTIEN	NORTHERN SUNRISI	WATER COMP	ANY, INC. and SOUTHERN SUNRISE WATER COI	WEART, HIG.
ADDRESS OF BORROWER:	2845 BRISTOL CIRCL	E		
- ROUNESO OF BOMMOVER	OAKVILLE, ONTARIO		1	
E NAME OF SELLER:	JOHNNY A. MC LAIN		CLAIN	
			This is to certify that this is a true	
			and correct copy of this instrument	
ADDRESS OF SELLER:			How millenta	•
	7110 E. JAXEL ROAD)	- Grant I	•
	HEREFORD; AZ 856	15		
F NAME OF LENGER ADDRESS OF LENGER:				
ASURESS OF CENTER.	•		•	
G. PROPERTY LOCATION:		·		
	. AZ	Jen		
	Cochise SEE ATTAC SEE ATTACHED	עשר		
H. SETTLEMENT AGENT:	Pioneer Title Agen			
PLACE OF SETTLEMENT:		DE. Wilcox Dr., S	Sierra Vista, AZ 85636-1900 PRORATION DATE: 02/18/2007 FUNDING DATE	5 001107007
L SETTLEMENT DATE:	02/16/2007 OWER'S TRANSACTION		PROPATION DATE: 02/18/2007 FUNDING DATE K: SUMMARY OF SELLER'S TRANSACTION	E 02/18/2007
100. Gross Amount Due From			400. Gross Amount Due To Seller:	
101. Contract Sales Price	DOITOWEI.	696,752.14		696,752.14
102. Personal Property		090,752.14	402. Personal Property	000,102.11
103. Sediement charges to Borrows	r (line 1400)	1,030.00	403.	
104.			404.	
105.	Sellente Advence		Adjustments For Items Paid By Salter In Advance:	
Adjustments For Items Paid B 106, City/Town Taxes	y Seller in Advance:		406. City/Town Taxes	
107, County Taxes			407. County Taxas	
108. Assessments			408. Assessments	
109.			409.	
110.			410.	·
111. 112.		 	412.	
113.			413. FUNDS DEPOSITED FOR UCC SEARCH	250.00
114.			414.	
115.			415.	007 000 44
120. Gross Amount Due from borro		697,782.14		697,002.14
200. Amounts Paid by or in be	haif of Borrower:		500, Reductions in Amount Due To Seller:	
201. Deposit or earnest money	.,	200,000.00	501. Excess deposit (see instructions) 502. Settlement charges to Soller (line 1400)	694,149.00
202. 203, Existing loan(s) taken subject !	0	 	503. Existing Iden(s) taken subject to	334,140,00
204: FUNDS DEPOSITED \$/11/06		498,000.00		
205. INTEREST EARNED ON FUN	OS DEP.	9,478.99		
206.			506. 507.	<u></u>
207. 208.	-	 	508.	
209.			509.	
Adjustments For Items U	npaid By Seller:		Adjustments For Items Unpaid By Setler:	
210. City/Town Taxes		0.700.44	510. City/Town Taxes 511. County Taxes 01/01/07-02/16/07	2,799.14
211. County Texes 01/01/07 - 02/16 212. Assessments	3/0/	2,799.14	512. Assessments	2,130.14
213.	· · · · · · · · · · · · · · · · · · ·	 	513, \$ PD TO OBTAIN UCC SEARCHES	54.00
214.			514,	
2′5.		ļ	515.	
216.		 	516. 517.	
217. 216.		 	518.	
219.			519.	
		710,276.13		697,002.14
220. Total Paid By/For Borrower	to Borrower:		600. Cash at Settlement to/from Seller:	
220. Total Paid By/For Borrower 300. Cash at Settlement from		697,782.14	; 601. Gross amount due to Seller (line 420)	697,002.14
220. Total Paid By/For Borrower 300. Cash at Settlement from 301. Gross amount due from Borro				007 000 4 1
220. Total Paid By/For Borrower 300. Cash et Settlement from 301. Gross amount due from Borro 302. Less amount paid by/for Borro		710,276.13		697,002.14
220. Total Paid By/For Borrower 300. Cash at Settlement from 301. Gross amount due from Borro				697,002.14 0.00

NITIALS:		INITIALS:	

700. Total Sales/Broker's Commission:			
	·		
Based on Price \$696,752.14 @ % = 0.00	Paid	from !	Paid from
Division of Cammission (fine 700) follows:	Воло	wer's	Seller's
01. \$ 0.00 to	Fund Settle		Funds at lettlement
02. \$ 0.00 to	20100	пниян	ettement
\$ 0.00 to			
03. Commission paid at settlement			
0. Hems Payable in Connection With Loan:			
01. Loan Origination Fee			
02. Loan Discount Fee			· · · · · · · · · · · · · · · · · · ·
03. Appraisal Fee			
and the second of the second o			
04 Credit Report			
05. Leaders inspection Fee	.,		
06. Mongage Insurance Application Fee			
C7. Assumption Fee			
G8.			
09.	1		
10.			
11.	!		
0. Items Required By Lender To Be Paid In Advance:			
01, Interest	li li		······································
02. Modgage Insurance Premium			
03. Hazard Insurance Premium			
U.S. CHARLES STREET OF THE STR			
05.			 · ···
and the second s			
0. Reserves Deposited With Lender:			
101, Hazard Insurance			
02. Mortgage Insurance			
003. City Property Taxes			
04. County Property Taxes			
05. Annual Assessments			
106. ·			
007			
108. Aggregate Adjustment months @S		0.00	
the state of the s		0.00	
00. Title Charges:		0.00 . 355.00 ¹	355.0
00. Title Charges: I01. Settlement or closing fee to Pioneer Title Agency, Inc.			355.0
00. Title Charges: 01. Settlement or clasing fee to Pioneer Title Agency, Inc. 02. Abstract or title search			355.0
00. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination			355.0
00. Title Charges: 01			355.0
00. Title Charges: 01			365.0
00. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees			365.0
DO. Title Charges: 101 Settlement or closing fee to Pioneer Title Agency, Inc. 102 Abstract or title search 103 Title examination 104 Title insurance binder 105 Document preparation 106 Notary Fees			365.0
00. Title Charges: 01. Settlement or closing fee to Pioneer Title Agency, Inc. 02. Abstract or title search 03. Title examination 04. Title insurance binder 05. Document preparation 06. Notary Fees 107. Attorney's Fees (includes above item numbers:)			365.0
20. Title Charges: 01. Settlement or closing fee to Pioneer Title Agency, Inc. 02. Abstract or title search 03. Title examination 04. Title insurance binder 05. Document preparation 06. Notary Fees 107. Attorney's Fees (includes above item numbers:)			355.0
20. Title Charges: 01. Settlement or closing fee to Pioneer Title Agency, Inc. 02. Abstract or title search 03. Title examination 04. Title insurance binder 05. Document preparation 05. Notary Fees 107. Attorney's Fees (includes above item numbers:)			365.0
20. Title Charges: 01. Settlement or closing fee to Pioneer Title Agency, Inc. 02. Abstract or title search 03. Title examination 04. Title insurance binder 05. Document preparation 05. Notary Fees 107. Attorney's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:)			
20. Title Charges: 01. Settlement or closing fee to Pioneer Title Agency, Inc. 02. Abstract or title search 03. Title examination 04. Title insurance binder 05. Document preparation 05. Notary Fees 107. Attorney's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:)			
DO. Title Charges: 101 Settlement or closing fee to Pioneer Title Agency, Inc. 102 Abstract or title search 103 Title examination 104 Title insurance binder 105 Document preparation 106 Notary Fees 107 Attorney's Fees (includes above item numbers:) 108 Title Insurance (included above item numbers:) 109 Lender's Coverage 110 Owner's coverage \$ 350,000.00 to Pioneer Title Agency. Inc.			
20. Title Charges: 01. Settlement or closing fee to Pioneer Title Agency, Inc. 02. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Attorney's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:) 109. Lender's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc.			
20. Title Charges: 01. Settlement or closing fee to Pioneer Title Agency, Inc. 02. Abstract or title search 03. Title examination 04. Title insurance binder 05. Document preparation 05. Notary Fees 107. Attorney's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:) 109. Lender's Coverage 10. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc.			
20. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Attorney's Fees (Includes above item numbers:) 108. Title Insurance (Included above item numbers:) 109. Lender's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency. Inc. 111.			1,200.
20. Title Charges: 01. Settlement or closing fee to Pioneer Title Agency, Inc. 02. Abstract or title search 03. Title examination 04. Title insurance binder 05. Document preparation 06. Notary Fees 107. Attorney's Fees (includes above item numbers:) 108. Title insurance (included above item numbers:) 109. Lender's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc. 111. 112.			1,200.
20. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Attorney's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:) 109. Lender's Coverage 100. Owner's coverage \$ 350,000.00 to Pioneer Title Agency. Inc. 111. 112. 113. 115. Courier-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wk Esc Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc.		355.00 '	1,200. 50. 375.
20. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Attorney's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:) 109. Under's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc. 111. 112. 113. 115. Courter-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wk Exc Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wk Title 10 hrs @ \$60. to Pioneer Title Agency, Inc.		375.00	1,200. 50. 375. 300.
20. Title Charges: 01. Settlement or closing fee to Pioneer Title Agency, Inc. 02. Abstract or title search 03. Title examination 04. Title insurance binder 05. Document preparation 06. Notary Fees 07. Altomey's Fees (includes above item numbers:) 108. Title insurance (included above item numbers:) 109. Lender's Coverage 10. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc. 111. 112. 113. 115. Courier-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addi Wk Esc Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wk Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/ORDERS to Pioneer Title Agency, Inc.		375.00	1,200. 50. 375. 300.
20. Title Charges: 01. Sattlement or closing fee to Pioneer Title Agency, Inc. 02. Abstract or title search 03. Title examination 04. Title insurance binder 05. Document preparation 06. Notary Fees 07. Altomey's Fees (includes above item numbers:) 08. Title insurance (includes above item numbers:) 109. Lender's Coverage 10. Owner's Coverage 10. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc. 111. 112. 113. 115. Courier-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wk Eac Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wk Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/ORDERS to Pioneer Title Agency, Inc. 110. Government Recording and Transfer Charges		375.00	1,200. 50. 375. 300.
20. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Altomey's Fees (Includes above item numbers:) 108. Title Insurance (Included above item numbers:) 109. Lender's Coverage 100. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc. 111. 112. 113. 115. Courier-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wk Exc Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wk Title 10 hrs @ \$60. to Pkoneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/ORDERS to Pioneer Title Agency, Inc. 100. Government Recording and Transfer Charges 201. Recording Fees:		375.00	1,200. 50. 375. 300.
20. Title Charges: 01. Settlement or closing fee to Pioneer Title Agency, Inc. 02. Abstract or title search 03. Title examination 04. Title insurance binder 05. Document preparation 06. Notary Fees 107. Attorney's Fees (includes above item numbers:) 108. Title insurance (included above item numbers:) 109. Lender's Coverage 100. Owner's coverage \$ 350,000.00 to Pioneer Title Agency. Inc. 111. 112. 113. 115. Courier-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wk Exc Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wk Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/ORDERS to Pioneer Title Agency, Inc. 100. Government Recording and Transfer Charges 201. Recording Fees:		375.00	1,200.1 50.1 375. 300.1
20. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Altomey's Fees (Includes above item numbers:) 108. Title Insurance (Included above item numbers:) 109. Under's Coverage 100. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc. 111. 112. 113. 115. Courier-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addil Wk Exc Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addil Wk Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/ORDERS to Pioneer Title Agency, Inc. 100. Government Recording and Transfer Charges 201. Recording Fees:		375.00	1,200.1 50.1 375. 300.1
20. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Attorney's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:) 109. Lender's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc. 111. 112. 113. 115. Courter-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wk Esc Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wk Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/ORDERS to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/ORDERS to Pioneer Title Agency, Inc. 110. Government Recording and Transfer Charges 120. City/County tax/stamps 120. State tax/stamps		375.00	1,200.1 50.1 375. 300.1
20. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document proparation 106. Notary Fees 107. Attomey's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:) 109. Lender's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc. 111. 112. 113. 115. Courier-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wk Eac Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wk Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/ORDERS to Pioneer Title Agency, Inc. 119. Rec-ObeedS/HS ABAND/ORDERS to Pioneer Title Agency, Inc. 110. Government Recording and Transfer Charges 120. City/County tax/stamps 120. City/County tax/stamps 120. City Transfer Tax		375.00	1,200.1 50.1 375. 300.1
20. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Attorney's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:) 109. Lender's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc. 111. 112. 113. 115. Courier-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wik Esc Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wik Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/DRDERS to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/DRDERS to Pioneer Title Agency, Inc. 110. Government Recording and Transfer Charges 201. Recording Fees: 202. City/County tax/stamps 203. State tax/stamps 204. City Transfer Tax 205. County Transfer Tax		375.00	1,200.1 50.1 375. 300.1
200. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Attomay's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:) 109. Lender's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency. Inc. 111. 112. 113. 115. Courier-FEO EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wik Esc Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wik Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/DRDERS to Pioneer Title Agency, Inc. 100. Government Recording and Transfer Charges 201. Recording Fees: 202. City/County tax/stamps 203. State tax/stamps 204. City Transfer Tax 205. County Transfer Tax 206.		375.00	1,200.1 50.1 375. 300.1
200. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Attomay's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:) 109. Lender's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency. Inc. 111. 111. 111. 115. Courter-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wik Eac Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wik Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/DRDERS to Pioneer Title Agency, Inc. 100. Government Recording and Transfer Charges 201. Recording Fees: 202. City/County tax/stamps 203. State tax/stamps 204. City Transfer Tax 205. County Transfer Tax 206.		375.00	1,200.1 50.1 375. 300.1
200. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Attomay's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:) 109. Lender's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency. Inc. 111. 113. 115. Courier-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wik Eac Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wik Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/DRDERS to Pioneer Title Agency, Inc. 100. Government Recording and Transfer Charges 201. Recording Fees: 202. City/County tax/stamps 203. State tax/stamps 204. City Transfer Tax 206. 207. 200. Additional Settlement Charges:		375.00	1,200. 50. 375. 300.
200. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Attorney's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:) 109. Lender's Coverage 110. Owner's coverage 110. Owner's coverage 111. 112. 113. 115. Courier-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wik Eac Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wik Title 10 hrs @ \$75. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/DRDERS to Pioneer Title Agency, Inc. 109. Government Recording and Transfer Charges 201. Recording Fees: 202. City/County tax/stamps 204. City Transfer Tax 206. County Transfer Tax 206. 207. Ou. Additional Settlement Charges: 201. Survey		375.00	1,200.1 50.1 375. 300.1
DD. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Attorney's Fees (includes above item numbers:) 108. Title Insurance (included above item numbers:) 109. Lender's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc. 111. 112. 113. 115. Counter-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wk Eac Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wk Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/ORDERS to Pioneer Title Agency, Inc. 100. Government Recording and Transfer Charges 201. Recording Fees: 202. City/County tax/stamps 204. City Transfer Tax 206. County Transfer Tax 206. 207. 00. Additional Settlement Charges: 301. Survey 302. Pest Inspection		375.00	50.0 375.1 300.0
DO. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Document preparation 106. Notary Fees 107. Altomey's Fees (includes above item numbers:) 108. Title insurance (included above item numbers:) 109. Lender's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc. 111. 112. 113. 114. Addil Wk Esc Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 117. Addil Wk Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 118. REC-DEEDS/HS ABAND/ORDERS to Pioneer Title Agency, Inc. 100. Government Recording and Transfer Charges 201. Recording Fees: 202. City/County tax/stamps 204. City Transfer Tax 206. County Transfer Tax 206. 207. 200. Additional Settlement Charges: 301. Survey 302. Past Inspection 303. 2004-2006 TX to COCHISE COUNTY TREASURER		375.00	1,200.6 50.0 375. 300. 300.0
DO. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title insurance binder 105. Notary Fees 107. Attorney's Faes (includes above item numbers:) 108. Title Insurance (included above item numbers:) 109. Lender's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc. 111. 112. 113. 115. Courier-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addi Wk Exc Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wk Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/ORDERS to Pioneer Title Agency, Inc. 100. Government Recording and Transfer Charges 202. City/County tax/stamps 204. City Transfer Tax 205. County Transfer Tax 206. County Transfer Tax 206. County Transfer Tax 207. Past Inspection 303. 2004-2006 TX to COCHISE COUNTY TREASURER 304. PROCEEDS REMAINING to TO BE DETERMINED BY BK COURT		375.00	1,200.0 375. 300. 300. 300. 82,612. 608,881
200. Title Charges: 101. Settlement or closing fee to Pioneer Title Agency, Inc. 102. Abstract or title search 103. Title examination 104. Title Insurance binder 105. Document preparation 106. Notary Fees 107. Altomey's Fees (includes above item numbers:) 108. Title Insurance (included shove item numbers:) 109. Lender's Coverage 110. Owner's coverage \$ 350,000.00 to Pioneer Title Agency, Inc. 111. 112. 113. 115. Courier-FED EXP TO/FR SELLER to Pioneer Title Agency, Inc. 117. Addit Wk Eac Fee 10 hrs @ \$75. to Pioneer Title Agency, Inc. 118. Addit Wk Title 10 hrs @ \$60. to Pioneer Title Agency, Inc. 119. REC-DEEDS/HS ABAND/ORDERS to Pioneer Title Agency, Inc. 100. Government Recording and Transfer Charges 201. Recording Fees: 202. City/County tax/stamps 203. State tax/stamps 204. City Transfer Tax 206. 207. 200. Additional Settlement Charges: 301. Survey 302. Pest Inspection 303. 2004-2006 TX to COCHISE COUNTY TREASURER		375.00	1,200.0 50.1 375. 300. 300.

ESCROW FILE NUMBER:

00515132-001 FMM

OMB No. 2502-0265

 SCROW FILE NUMBER:
 00515132-001 FMM
 OMB No. 2402-0265

 1307.
 1400. Total Settlement Charges (Enter on fine 103, Section J - and- more 502, Section K)
 1,030.00
 65-, -9.00

INITIALS: ______

Hudc.rpt (01/20/2006)

Exhibit 3

AFFIDAVIT OF MATTHEW GARLICK

Matthew Garlick, being duly sworn, deposes and says:

- 1. I am a resident of Maricopa County, over 18 years of age, and make this affidavit based on my own personal knowledge.
- 2. I am Regional Operations Manager of the Infrastructure Division for Algonquin Water Services, LLC, responsible for field operations for, among others, Northern Sunrise Water Company and Southern Sunrise Water Company ("Companies").
- 3. Attached hereto as Exhibit A is a summary list of repair, maintenance and operation activity for the Companies' water systems through February 19, 2007 the date of closing for the transfer of assets pursuant to bankruptcy proceedings. Exhibit A also contains a summary list of similar activity through May, 2007.
- 4. Since the closing, the Companies have made several operational and distribution system repairs, focusing on identifying operation and distribution failures that were the likely source of water outages during prior summer months. During the review, the Companies determined that various other key operational changes and distribution interconnections will be necessary to ensure that outages do not occur in the future.
- 5. In addition, since the closing the Companies have been responding to customer complaints for items such as broken water mains, replacing broken or missing water meters, repairing or replacing key pumping equipment, potholing and locating utility lines, mapping utility lines, surveying property boundaries, collecting operational data for system design engineering, securing well sites, installing chlorination at each site, compliance sampling, installing key distribution valves, submitting required documents such as micro-biological site sampling plans, TTHM/HAA5 sampling plans, installing new electrical controls for automation, installing pressure sustaining valves and identifying and building a spare parts inventory, among other things.
 - 6. The Jaxel Well / Cochise interconnect was completed on May 2, 2007. The

1 Cochise – Naranja well site was automated in April, 2007. We are currently completing the 2 altitude valve installation at the Horseshoe storage tank, scheduled to be finalized at the end of 3 May 2007. Northern Sunrise Water Company completed chlorinating its system in April 2007. The same should be completed for Southern Sunrise Water Company by the end of June 2007. 4 Finally, the design and engineering for the Companies' entire systems are underway, and should 5 be complete within forty-five (45) days. Once approval by the Commission and the Arizona 6 7 Department of Environmental Quality is obtained, procurement of the necessary infrastructure 8 will begin. It is my belief that the system improvements cannot be completed by August 25, 9 7. 2007. Because of the delay in closing, I believe it is reasonable to extend the deadline for 10 11 completing the improvements to February 19, 2008 – twelve months after the closing. 12 13 14 15 SUBSCRIBED and sworn to before me this 20th day of May, 2007. 16 LINDA A. BYRD Notary Public - State of Arizona 17 Notary Public Byrd 18 My Commission Expires: 19 20 21 22

FENNEMORE CRAIG, P.C.

23

24

25

26

Affidavit of Matthew Garlick

Exhibit A

Northern and Southern Sunrise Up-Dates

October, 2006

- Hired four (4) new employees to staff Northern and Southern Sunrise Companies.
- Taken over billing and customer service activities.
- Purchased company four (4) vehicles (delivered October 27) and equipment needed for operations.
- Issued health and safety equipment for all employees. Begun health and safety training of new employees. Formal training to follow on November 3, 2006.
- Health and safety site inspection completed by our safety contractor. Complete.
- Clean and remove all hazardous debris from each site.
- Begun replacing distribution valves.
- Secured sites by changing out locks on all electrical panels.
- Begun evaluating operating equipment and repairing malfunctioning equipment (i.e. check valves).
- Begun locating and mapping water meters within the system.
- Field identification of distribution leaks and repairs as deemed necessary.
- Begun writing total coliform sampling, disinfection by-product (TTHM/HAA5) sampling plans for water systems to be submitted in three (3) weeks.
- Begun obtaining bids for chlorine equipment and engineering services for each well site.
- Identify all existing water utility sites for ownership and real property boundaries. As well as reviewing legal property descriptions.

• Held monthly update meeting meetings with ACC and ADEQ staff.

November, 2006

- Retained Westland Engineering firm as design engineer.
- Installed new flow meter and backflow valve at Mustang well site.
- Potholed to locate Mustang-Crystal interconnect.
- Potholed to locate water lines inside Crystal well site.
- Potholed to locate water lines at Cochise Naranja well site.
- Installed new flow meter and backflow valve at Cochise Well No. 1 and No.
 3.
- Installed a new pressure tank (In-Kind) at Crystal well site. Re-routed the existing electrical control wiring and placed electrical in buried conduit (Removing electrical tripping and shock hazard).
- Installed several new gate valves in at Calle de la Fresa in Cochise.
- Installed new backflow valves on booster pumps at Horseshoe Ranch site.
- Installed new gate valves and backflow valves on pressure tank at Cochise Naranja well site.
- Installed new backflow valve on pressure tank at Cochise Jaxel well site.
- Miracle Valley flow meter ordered.
- Begun creating water system signs which will include the following, Well Site Name, Well Site PWS No., Water System I.D., and Emergency telephone contact information. These are currently being ordered.
- Health and Safety Immediately Dangerous to Life and Health (IDLH) issues are being addressed. (i.e. electrical hazards, etc.)
- Collecting flow data and power data from well sites on a daily basis.
- Begun deploying pressure sensors throughout the community. These will be utilized for engineering purposes.

- Begun reviewing current CC & N boundaries. Attempting to determine the extent of the CC & N for each utility.
- Working on identify non paying customers.
- Started building a customer waiting list for service.
- Begun writing Backflow Prevention Plan.
- Begun working on Water Curtailment Plan (Drought Management Plan).
- Begun reviewing Emergency Operations Plans.
- Franchise documents signed and sent for approval to Cochise County.
- Registered with Arizona Blue-stake.
- AWS had an open house for all Mclain water customers on November 15, 2006.
- Held monthly update meeting meetings with ACC and ADEQ staff.

December, 2006

- Repaired and located key valves through-out the system, especially in Cochise/Horseshoe water system.
- Identified and begun replacing non working water meters. The amount is estimated at 42.
- Signed off and approved to start chlorine installation engineering and equipment procurement.
- Begun on identifying operating assets against Cochise County property recorders. We identified that at least one and possibly two assets were missing in the bankruptcy closing documents (Mclain 5,000 pressure tank and well site, and possibility one more additional well site in Miracle Valley).
- Held monthly update meeting meetings with ACC and ADEQ staff.

January, 2007

• Replaced Sierra Sunset well pump and starter.

- Water line repairs due to cold weather outages. Insulated all of the well sites and booster stations.
- Completed the installation of flow meters to Cochise/Horseshoe, Crystal, Miracle Valley, and Mustang. Sierra Sunset has always had a flow meter.
- Completed chlorination engineering design for all systems other than Coronado which was previously chlorinated last year.
- Begun posting up-dates as to the status of the purchase of the Mclain systems. This was posted on the Algonquin Water Services, L.L.C. web site.
- Continued to repair or replace water meters. 10 of 42 have been completed to date.
- Held monthly update meeting meetings with ACC and ADEQ staff.
- Begun tracking on Lost and unaccounted for water.

February, 2007

- Replaced pump motor, column pipe, tube and shaft on the Coronado water system.
- Purchased of Mclain systems final February 19, 2007.
- Continued 23 of 42 water meter repairs or replacements.
- Continued to fix water line breaks as they occur.
- Started to install chlorine disinfection systems on all of the water systems starting with Sierra Sunset water system.
- Held monthly update meeting meetings with ACC and ADEQ staff.
- Started the design engineering for all of the systems.

1111

March, 2007

- Held monthly update meeting meetings with ACC and ADEQ staff.
- Filed grant application to WIFA for matching engineering funds.

- Reviewed various site issues in regards to design engineering (i.e. the Naranja site has fence requirements).
- Continued installation of chlorine systems to Mustang and Crystal water utilities.
- Begun creating the Consumer Confidence Report required for the system for 2007.
- Confirmed that Horseshoe and Cochise and Crystal and Mustang Public Water System (PWS) identification numbers have been combined.
- Completed 42 of 42 water meter repairs or replacements.
- Repair and replacement of electrical equipment to Cochise/Horseshoe water system.
- Location of interconnection point between Jaxel and Cochise system. We have ordered up the valves and pressure sustaining valve so that the Cochise system can automatically feed water to the Jaxel system.
- Begun the water service line location and water meter installation project for Sierra Sunset.
- Deployed a new (800) number for Northern and Southern Sunrise water customers only. This was done to expedite the response time to complaints and to aid in speeding up response times to customer complaints.
- Started surveying all of the property boundaries.
- Submitted new bacterial plans and TTHM/HAA5 plans to ADEQ for approval. These are needed for the chlorine disinfection that is underway.
- Replaced failing booster pumps for Horseshoe storage and booster facility. We have pre-purchase a second pump a back-up. These pumps are critical for operations of the Horseshoe system.
- Filed sales transaction with ACC.

April, 2007

• Filed the Curtailment and Cross-Connection Tariffs with the ACC on April 4, 2007.

- Completed approximately 22 of a potential 30 water meter installations for Sierra Sunset.
- Completed deploying 22 radio meter read devices for Sierra Sunset.
- Completed the electrical well site repairs at the Naranja well site. The wells at the site know automatically feed the 160,000 pressure storage tank. When the tank levels drop they automatically turn on the wells to fill-up. This is the first phase of a two phase project. The second phase includes having an altitude valve being placed on the Horseshoe storage tank so that water will automatically transfer from the Naranja well site to the Horseshoe storage site (Sunnyvale). This is what caused the water outage last year. Once this is in place and as long as there is water, the altitude valve will automatically transfer water to the Horse tank.. Another benefit to this project is that there are six (6) customers are on the transfer line and have always had low water pressure. Once this tank has been completely automated (by adding two (2) pressure tanks) they will always have water.
- Evaluated storage tanks that may be moved from site to site. The 10,000 steel storage tank located at the Cochise site is not in good condition and can not be used for storage according the Westland Resources engineer.
- Held monthly update meeting meetings with ACC and ADEQ staff.

May, 2007

- Completed the Jaxel well site/ Cochise water interconnection. It is currently working well.
- Rapidly deploying our efforts to get storage to Coronado well site. We have begun observing declining water pressure in the morning and afternoon times due to demand out pacing water production. We anticipate this being done with the next 6 to 8 weeks.
- Continued to deploy chlorine to Miracle Valley as well as Cochise/Horseshoe.
- Begun pot-holing efforts in order to locate water lines in Sierra Sunset and also begin looking for a potential inter-connect that may exist between Sierra Sunset and Coronado water systems.